

blue  of california

# Blue Shield of California Regional Council Update

***CalPERS Health Benefits Committee***

*October 17, 2006*

***Presented by - Kathlyn Mead, VP, CalPERS Sector***



# Regional Council – Objectives

**Provide education on key cost drivers within targeted county and collaboratively identify solutions leading to more affordable health care**

- Follow-up on recommendations made to the CalPERS Health Benefits Committee in Spring 2006;
- Help key stakeholders and constituents gain insight into health care trends and cost drivers in the county;
- Identify opportunities to preserve a cost effective managed care model that promotes and measures quality;
- Offer and solicit solutions from stakeholders and constituents, evaluate the feasibility of the recommendations, and communicate viable opportunities to all parties



# Regional Council – Agenda Structure

1. Provide overview of health care coverage and delivery model
2. Review of identified cost drivers based on data driven analysis; review of metrics considered not outside the norm
3. Blue Shield strategy and tactics to address cost drivers
4. Open discussion to allow attendees to provide feedback and other solutions
5. Review key next steps



# Regional Council Sessions – Colusa and Lake County Summary

- Two Regional Council sessions have successfully been conducted in Colusa and Lake Counties
- Both counties experience out-of-CalPERS HMO network utilization that, if brought back in-network, could result in future savings approximating 30% for outpatient cases and 70% for inpatient cases
- Populations in both Colusa and Lake county have a higher burden of illness and are older compared to the Northern California CalPERS benchmark
- Average ancillary costs per member are approximately triple the average aggregate cost of Northern California CalPERS benchmark which is attributed to a lack of non-hospital based ancillary services in the county

# Regional Councils: Colusa and Lake Counties – Next Steps

## Conversion to HMO Managed Care Contracts

- Objective:
- Preserve the managed care model in these communities resulting in specialty care referrals being channeled within CalPERS networked providers

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- What's Next?:
- Blue Shield is contacting physicians to enter into HMO contracts
  - Blue Shield is providing tools for participants to assist in the conversion efforts:
    - ❑ Listing of physicians refusing to sign managed care contracts for each applicable county who can be contacted to express support
    - ❑ Sample letters to providers to communicate the desire to maintain a managed care model
    - ❑ An email communication channel to serve as an update on these activities and as a vehicle to mobilize employers and member organizations to communicate with physicians

# Regional Councils: Colusa and Lake Counties – Next Steps

## Opportunity for Free-Standing Facilities

- Objective:
- Review opportunity for free-standing facilities to enter the market if HMO members engage and express interest in maintaining an HMO model of care
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- What's Next?:
- Engage in discussions to improve hospital contracting at free-standing facility rates
  - Conduct open discussions with other free-standing providers

# Upcoming Regional Councils - Timeline

County	Regional Council	Follow-up
Colusa	09/21/06 (Complete)	11/21/06
Lake	09/27/06 (Complete)	11/22/06
Sierra/Plumas	10/26/06	12/13/06
San Luis Obispo	11/08/06	02/22/07
Napa	11/16/06	01/19/06
El Dorado	11/29/06	12/11/06
Mariposa	12/12/06	01/16/07
Butte	01/30/07	03/22/07
Glenn	01/31/07	03/23/07
Mendocino	02/27/07	04/19/07
Sonoma	02/28/07	04/20/07

**Note: A Regional Council will not be conducted for San Mateo County**



# What's Next?

- **Post Regional Council**

Blue Shield to provide periodic updates on outcomes and strategies to the CalPERS Health Benefits Committee

- **October 2006 – May 2007**

Blue Shield will reaffirm or amend recommendation made to the CalPERS Health Benefits Committee May 2006 to either exit certain markets or introduce a benefit design with separate pricing